Agriculture and Agri-Food Canada | Agriculture et Agroalimentaire Canada

Bi-weekly Bulletin

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MEXICO: PULSE AND SPECIAL CROPS SITUATION AND OUTLOOK

Mexico is the largest market for Canadian canary seed and a major market for lentils. It is expected to become a larger market for Canadian dry beans during the next decade as the tariffs are eliminated in 2008. The value of Canadian pulse and special crops exports to Mexico has been growing and reached $40 million in 2006. However, Mexico is also a major competitor for Canadian chickpeas in world markets. This issue of the *Bi-weekly Bulletin* examines the situation and outlook for pulse and special crops in Mexico.

DRY BEANS

Dry beans are the main pulse crop produced in Mexico. In fact, they are one of the major crops. In 2006, dry beans were second to corn in terms of seeded area and accounted for 13% of the seeded area for all grains, oilseeds, pulse crops and special crops. However, in terms of production, dry beans were fourth after corn, sorghum and wheat because average yields for these crops are higher than for dry beans. There are about 300,000 dry bean producers and the average seeded area per producer is only 6 hectares (ha), although the actual area per producer varies from less than 1 ha to several hundred hectares.

There are two crops of dry beans per year in Mexico. The **spring-summer crop** accounts for about 75% of the total production. Nearly half of the dry beans in this crop cycle are seeded in July and the balance mostly in June and August. More than half of the dry beans in this crop cycle are harvested in November and the remainder mostly in October and December. The top five states, Zacatecas, Durango, San

MEXICO: DRY BEAN SUPPLY AND DISPOSITION

calendar year	**1995**	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007f**
Seeded Area (kha)	2,354	2,196	2,320	2,376	2,406	2,121	1,953	2,228	2,040	1,823	1,751	1,787	1,720
Harvested Area (kha)	2,040	2,049	1,615	2,147	1,709	1,503	1,698	2,054	1,904	1,678	1,257	1,700	1,640
Yield (t/ha)	0.62	0.66	0.60	0.59	0.62	0.59	0.63	0.75	0.74	0.69	0.66	0.80	0.75
	thousand tonnes												
Carry-in Stocks	120	50	220	40	200	110	30	70	450	600	450	50	150
Production	**1,271**	**1,349**	**965**	**1,261**	**1,059**	**888**	**1,063**	**1,549**	**1,415**	**1,163**	**825**	**1,359**	**1,230**
Imports	26	120	90	202	128	88	127	106	84	62	79	127	140
from the US	*20*	*117*	*66*	*181*	*81*	*65*	*77*	*75*	*67*	*45*	*72*	*119*	*128*
from Canada	*0.1*	*0.4*	*0.1*	*2.8*	*1.7*	*2.5*	*5.2*	*3.2*	*2.1*	*0.3*	*1.1*	*7.1*	*11.0*
Supply	**1,417**	**1,519**	**1,275**	**1,503**	**1,387**	**1,086**	**1,220**	**1,725**	**1,949**	**1,825**	**1,354**	**1,536**	**1,520**
Exports	83	6	7	6	8	7	3	12	16	18	22	13	15
Domestic Use [1/]	1,284	1,293	1,228	1,297	1,269	1,049	1,147	1,263	1,333	1,357	1,282	1,373	1,405
Carry-out Stocks [1/]	50	220	40	200	110	30	70	450	600	450	50	150	100
	percent												
Stocks-to-use Ratio	4	17	3	15	9	3	6	35	44	33	4	11	7

[1/] AAFC estimate, based on information from USDA and SAGARPA, May 2007

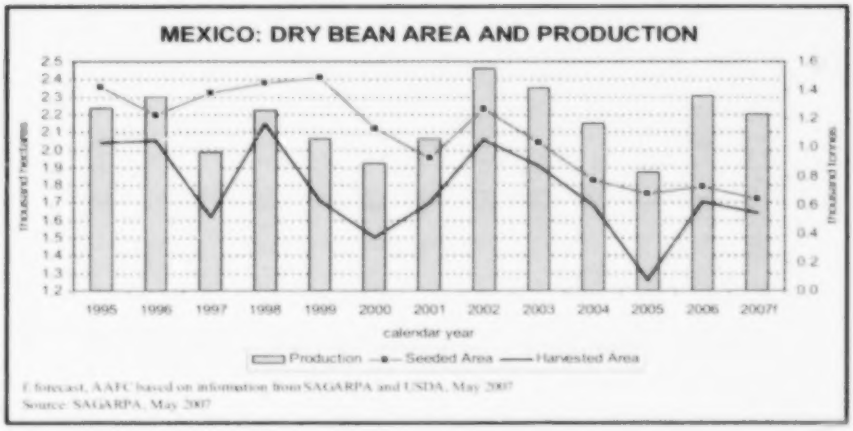
f: forecast, AAFC based on information from SAGARPA and USDA, May 2007

Source: SAGARPA, FAO, USDA, Statistics Canada, Global Trade Atlas, May 2007

SAGARPA: Spanish language acronym for the Government of Mexico, Secretariat for Agriculture, Livestock, Fisheries and Food

Canada

Luis Potosi, Chihuahua and Guanajuato, account for about 75% of the seeded area. These states are in central and northern Mexico. Less than 10% of the seeded area in this crop cycle is irrigated. The **autumn-winter crop** accounts for about 25% of total production. More than 40% of the dry beans in this crop cycle are seeded in November and the balance mostly in October, December and January. About 40% of the harvest in this crop cycle occurs in March and 30% in February. The top three states, Sinaloa, Nayarit and Chiapas, account for about 75% of the seeded area. These states are in the west-central and southern part of Mexico. Since more than 40% of the dry beans in this crop cycle are seeded on irrigated land, the average yields are higher than for the spring-summer crop.



The **seeded area** has been variable but with a downward trend since 2003. **Production** has been extremely variable depending mostly on the abandonment rate, but there hasn't been the downward trend because average yields have been trending upwards. The improvement in yields is due to a larger portion of the dry beans seeded on irrigated land. For 2006, dry bean production in Mexico increased to a normal level of 1.36 million tonnes (Mt) from the drought reduced production in 2005.

Mexico produces many **classes of dry beans**, with black beans normally accounting for a third of the production. Other major classes of dry beans produced are pinto, yellow, *Flor de Mayo* and *Flor de Junio*. *Flor de Mayo* is a medium sized bean with a light pink-purple circular marbling pattern on a cream background. *Flor de Junio* is a medium sized bean with a seed coat colour pattern of a pink stripe on a cream background. Many classes of dry beans are produced only in certain regions to meet consumers' preferences. However, sometimes the bean varieties produced in certain regions in Mexico do not correspond with the bean varieties demanded in those regions, generating commercialization problems and large stocks of beans.

Since 1994, dry bean **imports** to Mexico have been subject to the transition provisions under the North American Free Trade Agreement (NAFTA). Under this provision, Mexican importers are allowed to import dry beans from the United States (US) and Canada tariff free within the tariff rate quota (TRQ). The US has 97% of the total TRQ and Canada 3%. The TRQ increases by 3% each year. Although imports within the TRQ are tariff-free, the importers have to pay for the right to import at a level established through an auction system. Imports outside the TRQ are subject to tariffs, of which the rate has been declining annually. The TRQ and import tariffs are scheduled to be eliminated in 2008 at which time Canada will have equal access with the US to the Mexican market. Dry beans imported for seeding have been exempted from tariffs from the start of NAFTA. The 14 year transition period was negotiated to give Mexican dry bean producers time to become more efficient in order to compete with US and Canadian product or to switch to other crops. The objectives in the transition period were moderately successful as the seeded area declined by 24% from 1995 to 2006 and average yields improved.

Imports of dry beans have been variable since 1995, in line with the variable production. For 2006, the imports increased sharply from 2005 to 127,000 tonnes (t). Nearly all of the imports are from the US, with the balance generally from Canada. Imports from Canada have been variable, but trending upwards since 1995. Mexico imports mainly pinto and black beans, although some kidney, white pea, cranberry, pink, small red

MEXICO: DRY BEAN IMPORT QUOTAS AND TARIFFS UNDER NAFTA

calendar year	**1994**	**1995**	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
	thousand tonnes														
Tariff Rate Quota:															
United States	50.0	51.5	53.05	54.64	56.28	57.96	59.70	61.49	63.34	65.24	67.20	69.21	71.29	73.43	*
Canada	1.50	1.55	1.59	1.64	1.69	1.74	1.79	1.85	1.90	1.96	2.02	2.08	2.14	2.20	*
	percent														
Over quota tariff	133.4	127.8	122.3	116.7	111.2	105.6	93.9	82.1	70.4	58.7	46.9	35.2	23.5	11.8	*

* TRQ and over quota tariffs are scheduled to be eliminated.

Source: AAFC

and Great Northern beans are also imported. About 70% of the imports go to the Mexico City area and are mainly traded in "*La Central de Abastas*" which is the largest wholesale market in Mexico. Total dry bean imports from the US and Canada have been higher than the total TRQ, except for 1995 and 2004. Dry bean **export** volumes have been small, with most of them going to the US. The exports consisted mainly of yellow beans. For 2006, the exports were 13,000 t.

Domestic use of dry beans in Mexico has been variable, in relation to the production volume, but with a slight upward trend. However, the upward trend is due to population growth as per capita annual consumption has fallen to the current 12 kilograms (kg) from 25 kg in the 1970s. The reason for the decline in per capita consumption has been a switch to other foods, such as meat, pasta, wheat flour, potatoes, instant soups, ready to eat foods and snack food. The shift from dry beans and other traditional foods has contributed to the increase in obesity, which now affects a significant portion of the population. Dry beans continue to be the main source of protein for low income people. About 25% of the production is consumed on the farms where it is produced. For 2006, domestic use is estimated at 1.37 Mt. Domestic use is mostly for food, but also includes seed, feed, waste and dockage.

OTHER PULSE CROPS

In Mexico, the other pulse crops (chickpeas, lentils, dry peas and fababeans), are produced during the autumn-winter crop cycle. Imports of the other pulse crops from the US and Canada into Mexico have been tariff-free since the start of NAFTA in 1994.

Chickpeas

Chickpeas are the second largest pulse crop produced in Mexico, with the large kabuli type being produced.

MEXICO: OTHER PULSE CROPS AREA, PRODUCTION AND TRADE

calendar year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
CHICKPEAS												
Seeded Area (kha)	n/a	n/a	n/a	n/a	138	141	197	151	117	75	110	n/a
Harvested Area (kha)	109	171	146	68	137	135	194	147	114	74	98	n/a
Yield (t/ha)	1.53	1.63	1.67	1.44	1.45	1.73	1.68	1.60	1.25	1.42	1.37	n/a
Production (kt)	167	279	244	98	198	234	326	235	143	105	134	n/a
Exports (kt)	88	130	98	111	155	159	207	143	141	83	79	142
FEED CHICKPEAS												
Seeded Area (kha)	n/a	n/a	n/a	n/a	37	34	28	24	37	24	29	n/a
Harvested Area (kha)	n/a	n/a	n/a	n/a	34	33	27	24	35	22	28	n/a
Yield (t/ha)	n/a	n/a	n/a	n/a	1.76	2.12	2.93	2.54	2.69	2.05	2.18	n/a
Production (kt)	n/a	n/a	n/a	n/a	60	70	79	61	94	45	61	n/a
LENTILS												
Seeded Area (kha)	n/a	n/a	n/a	n/a	10	9	8	8	10	9	9	n/a
Harvested Area (kha)	11	9	9	7	9	9	3	7	6	8	9	n/a
Yield (t/ha)	1.09	0.89	0.89	0.43	1.00	1.00	1.00	1.29	0.67	0.88	0.89	n/a
Production (kt)	12	8	8	3	9	9	3	9	4	7	8	n/a
Imports (kt)	11	21	25	26	24	26	31	29	29	31	30	32
Imports from Canada (kt)	8	11	12	15	14	20	26	23	24	22	26	29
DRY PEAS												
Harvested Area (kha)	2.3	2.5	2.3	1.7	2.9	3.1	3.6	3.1	3.9	2.6	1.8	n/a
Yield (t/ha)	0.91	1.00	1.04	0.76	0.93	1.06	1.17	1.16	2.10	1.62	1.00	n/a
Production (kt)	2.1	2.5	2.4	1.3	2.7	3.3	4.2	3.6	8.2	4.2	1.8	n/a
Imports (kt)	8	11	13	16	14	13	17	14	16	15	17	16
Imports from Canada (kt)	5	4	5	9	5	6	9	3	4	4	7	9
FABABEANS												
Seeded Area (kha)	n/a	n/a	n/a	n/a	19	25	25	29	25	21	21	n/a
Harvested Area (kha)	21	9	7	7	16	24	23	27	24	19	19	n/a
Yield (t/ha)	0.81	1.00	0.86	0.86	0.56	0.71	0.87	1.04	1.13	1.05	1.11	n/a
Production (kt)	17	9	6	6	9	17	20	28	27	20	21	n/a
Imports (kt)	0.1	4.6	1.6	1.6	2.0	7.5	1.8	1.0	0.4	0.3	1.0	4.1
Exports (kt)	0.6	0.1	1.1	0.8	1.1	1.1	1.2	1.0	0.9	0.7	0.6	0.5

n/a: not available

Source: SAGARPA, FAO, USDA, Statistics Canada, Global Trade Atlas, May 2007

They are produced in north-western and west-central parts of Mexico. The seeded area and production have been trending downwards since 2002. Although 2006 area and production data was not available at the time of publication, the increased exports in 2006 imply an increase in production from the 134,000 t produced in 2005.

Mexico is a major exporter of chickpeas, with Spain and Algeria being the largest markets. In addition to Spain and Algeria, Mexico exports chickpeas to many countries in the EU, the Middle East, South America, North America (including Canada), northern Africa and southern and eastern Asia. For 2006, the exports increased sharply from 2005 to 142,000 t. Mexico is a competitor with Canadian chickpeas in world markets, especially for the large kabuli type. Imports of chickpeas into Mexico are minor. In addition to the chickpeas produced for the food markets, Mexico also produces a smaller quantity, (61,000 t in 2005) of chickpeas destined for the domestic livestock feed markets.

Lentils

Mexico is a small producer of lentils and imports have been trending upwards slightly. For 2005, the most recent year for which data is available, production was 8,000 t. Imports from Canada have been growing and accounted for about 90% of total imports in 2006. The remainder of the imports were generally from the US. Mexico imports mainly small green lentils. For 2006, imports increased to 32,000 t. Lentils are used for food. Lentil exports from Mexico were minor.

Dry Peas

Mexico is a very small producer of dry peas and imports have been relatively stable in recent years. For 2005, production fell to only 1,800 t. Imports from Canada have been growing and accounted for more than half of total imports of 16,000 t in 2006. The remainder of the imports are generally from the US. Mexico imports green peas for the food market.

Fababeans

Mexico is a relatively small producer of fababeans. Seeded area and production has declined from the peak in 2002. For 2005, production increased slightly from 2004 to 21,000 t. Fababeans are mostly consumed as food in Mexico. Mexico imports a small volume (4,100 t in 2006) of fababeans, mostly from China, and exports an even smaller

MEXICO: SPECIAL CROPS AREA, PRODUCTION AND TRADE

calendar year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
CANARY SEED												
Production (kt)	1.3	1.2	0.6	0.8	0.8	0.8	0.8	0.8	1.0	0.5	0.4	n/a
Imports (kt)	37	38	42	51	49	54	53	51	49	48	50	57
Imports from Canada (kt)	29	24	20	30	36	46	47	36	34	34	44	53
MILLET												
Imports (kt)	2.2	2.0	3.0	3.4	3.4	3.6	4.3	3.7	3.8	4.0	5.2	4.9
SUNFLOWER SEED												
Production (kt)	0.4	0.3	2.5	0.6	1.2	0.1	0.7	0.7	0.7	0.7	0.5	n/a
Imports (kt)	60	142	127	46	11	22	17	9	130	12	12	18
Imports from Canada (kt)	0.1	0.0	0.1	0.6	2.0	2.6	3.8	1.4	0.8	1.2	0.6	4.0
SAFFLOWER SEED												
Seeded Area (kha)	107	144	118	129	190	115	136	82	158	224	120	96
Harvested Area (kha)	97	121	96	123	166	85	113	53	147	212	86	68
Yield (t/ha)	1.16	1.50	1.70	1.39	1.58	1.13	0.98	1.00	1.37	1.09	1.09	1.01
Production (kt)	113	182	163	171	263	96	111	53	201	231	94	69
Exports (kt)	0	0.1	0.1	0.1	1.2	5.9	1.9	1.9	7.0	5.0	6.8	3.6
MUSTARD SEED												
Imports (kt)	0.9	1.5	1.1	1.4	1.4	1.2	1.4	1.4	1.5	1.3	1.3	1.3
Imports from Canada (kt)	0	0	0	0	0.1	0.3	0.2	0.1	0.1	0.1	0	0.1
SESAME SEED												
Seeded Area (kha)	43	82	55	61	66	74	75	50	58	59	61	41
Harvested Area (kha)	37	80	43	58	54	70	71	37	56	56	28	33
Yield (t/ha)	0.57	0.59	0.51	0.55	0.59	0.59	0.61	0.54	0.55	0.59	0.54	0.55
Production (kt)	21	47	22	32	32	41	43	20	31	33	15	18
Imports (kt)	7	6	4	11	12	18	20	13	14	25	23	21
Exports (kt)	8	13	25	20	16	14	17	12	11	11	10	10

n/a: not available

Source: SAGARPA, FAO, USDA, Statistics Canada, Global Trade Atlas, May 2007

A. SELLING PRICE OF BULK FEED INGREDIENTS AT SELECTED POINTS

May 14, 2007

SELECTED POINT	REFERENCE PERIOD	PRICE BASIS	(1) WHEAT	OATS	BARLEY	CORN	PRICE BASIS	SOYBEAN MEAL	CANOLA MEAL	MILL-FEEDS	MEAT MEAL	FISH MEAL	ANIMAL FAT	GLUTEN MEAL	GLUTEN FEED	FEED PEAS	DEHY ALFALFA	FEATHER MEAL
Vancouver	May 14, 2007	FOB	205.00	N/A	205.00	208.00		282.50	182.50	155.00		1100.00	495.00					405.00
BC (4) (7)	May 7, 2007		205.00	N/A	205.00	215.00		283.50	178.50	155.00		1100.00	495.00					405.00
Calgary	May 14, 2007	FOB	182.00	N/A	184.00	190.00		278.00			90.00	1100.00	585.00					350.00
AB (4)	May 7, 2007		182.00	N/A	184.00	192.00		277.00			90.00	1100.00	585.00					350.00
Saskatoon	May 14, 2007	FOB	157.50	185.00	147.50	186.00		278.00	N/A		110.00	N/A	585.00			194.00		360.00
SK (4)	May 7, 2007		157.50	185.00	147.50	188.00		277.00	N/A		110.00	N/A	585.00			189.00		360.00
Winnipeg	May 14, 2007	FOB	166.00	140.00	143.00	172.00		260.00	N/A		265.00	1162.50	515.00					380.00
MB (4) (9)	May 7, 2007		165.00	140.00	142.50	171.00		259.00	N/A		265.00	1162.50	515.00					380.00
Thunder Bay	May 14, 2007	In-Store	182.00	N/A	177.00													
ON (8)	May 7, 2007		182.00	N/A	179.40													
Lake Ports	May 14, 2007	On Board				164.50												
USA (3)	May 7, 2007	Vessel				176.70												
Bay Ports	May 14, 2007	In-Store	212.50	240.00	185.00													
ON	May 7, 2007		212.50	240.00	185.00													
Chatham	May 14, 2007	Track				163.20												
ON	May 7, 2007					171.44												
Toronto	May 14, 2007	N/A					FOB				154.33		545.00	N/A	N/A		285.00	337.50
ON (5)	May 7, 2007										161.33		535.00	N/A	N/A		285.00	340.00
Hamilton	May 14, 2007	N/A						264.33	N/A									
ON	May 7, 2007							265.10	N/A									
Eastern	May 14, 2007	FOB				173.50												
ON	May 7, 2007					174.00												
London	May 14, 2007	FOB												417.00	102.00			
ON	May 7, 2007													425.00	102.00			
Port Colborne	May 14, 2007	FOB								107.50				417.00	102.00			
ON	May 7, 2007									110.00				425.00	112.00			
Cardinal	May 14, 2007	FOB												427.00	118.00			
ON	May 7, 2007													435.00	118.00			
Montreal	May 14, 2007		216.00	260.00	208.00	194.00		269.87	221.08	110.00	180.00	N/A	497.50	N/A	N/A		270.00	360.00
QC (5)	May 7, 2007		216.00	260.00	208.00	194.00	FOB	269.82	229.73	111.67	180.00	N/A	497.50	N/A	N/A		270.00	360.00
Trois-Rivières	May 14, 2007	In-Store	215.00		215.30	184.73												
QC	May 7, 2007		220.00		226.40	193.89												
St. Jean QC (2)	May 14, 2007	FOB	195.67	208.33	179.33	186.29		288.50										
St. Hyacinthe QC	May 7, 2007		198.67	213.33	184.33	194.34		288.50										
Quebec	May 14, 2007	In-Store	218.50	N/A	214.93	189.85		271.14	257.01									
QC	May 7, 2007		220.50	N/A	219.74	195.00		271.20	255.61									
Truro	May 14, 2007	Track	256.41	N/A	246.15	215.26		315.42	245.01		213.28		752.00					340.00
NS	May 7, 2007		253.41	N/A	246.15	221.84	FOB	314.17	245.01		218.28		747.00					350.00
Truro	May 14, 2007	Water	N/A	N/A	N/A	N/A												
NS	May 7, 2007	& Truck	N/A	N/A	N/A	N/A												
Halifax	May 14, 2007	In-Store	228.20	N/A	N/A	200.75		330.50	294.10	297.50		N/A						
NS (6)	May 7, 2007		227.50	N/A	N/A	203.90		320.00	293.25	297.50		N/A						

Source: Market Analysis Division, Agriculture and Agri-Food Canada; Thunder Bay prices are based on the Winnipeg Commodity Exchange (WCE) market close

US$1.00 = CAN$ 1.1135 **Closing date May 11/2007**

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N/A = not available

Footnotes: All prices in Canadian dollars per metric tonne based on survey respondents.
Grain grades (unless otherwise specified) are: Western or Eastern Feed Wheat. Feed Oats. No.1 Canada Western or Eastern Barley. No.2 Canada Yellow Corn. No.3 US Yellow Corn.
Soybean Meal 48 % Protein. Canola Meal based on minimum standard of 35% Protein. Fish Meal: white fish and/or herring meal. Gluten Meal 60% Protein. Gluten Feed 21% Protein.

(1) Wheat 3CWRS (2) Canadian Corn #3 or #2 (3) US Corn (4) Fish Meal from West Coast 63% Protein (5) Fish Meal 60% Protein (6) Herring Fish Meal (7) Fraser Valley (8) Wheat & Barley (Basis - Cash Price WCE) (9) Oats 3CW

B. CASH PRICES AND REPLACEMENT VALUES

May 14, 2007

PRAIRIE GRAINS

Selected Points	Price Basis		This week May 14, 2007	Last week April 30, 2007	Month ago April 16, 2007	Year Ago May 15, 2006
From: Thunder Bay(WCE) (2)	In-Store	Wheat	182.00	182.00	184.00	132.00
(CBOT)		Oat	253.00	265.00	271.00	197.60
(Lethbridge)		Barley	185.00	183.00	185.00	113.00
To: Bayport, ON (1)	In-store	Wheat	205.61	205.61	207.61	155.61
		Oat	N/A	N/A	N/A	N/A
		Barley	212.39	210.39	212.39	140.39
Montreal, QC (1)	In-store	Wheat	210.03	210.03	212.03	160.03
		Oat	N/A	N/A	N/A	N/A
		Barley	217.31	215.31	217.31	145.31
Moncton, NB	Truck via Halifax	Wheat	232.25	232.25	234.25	182.25
		Oat	N/A	N/A	N/A	N/A
		Barley	241.50	239.50	241.50	169.50
Truro, NS	Truck via Halifax	Wheat	226.22	226.22	228.22	176.22
		Oat	N/A	N/A	N/A	N/A
		Barley	239.00	237.00	239.00	167.00
Halifax, NS (1)	In-store	Wheat	217.28	217.28	219.28	167.28
		Oat	N/A	N/A	N/A	N/A
		Barley	225.30	223.30	225.30	153.30
Stephenville, NL	Track / Truck via Sydney	Wheat	280.63	280.63	282.63	230.63
		Oat	N/A	N/A	N/A	N/A
		Barley	N/A	N/A	N/A	N/A
Melfort, SK		Wheat	N/A	N/A	N/A	N/A
		Oat	N/A	N/A	N/A	N/A
	Track	Barley	N/A	N/A	N/A	N/A
Bayport, ON		Wheat	N/A	N/A	N/A	N/A
		Oat	N/A	N/A	N/A	N/A
	Track	Barley	N/A	N/A	N/A	N/A
Montreal, QC		Wheat	N/A	N/A	N/A	N/A
		Oat	N/A	N/A	N/A	N/A
	Track	Barley	N/A	N/A	N/A	N/A
Moncton, NB		Wheat	N/A	N/A	N/A	N/A
		Oat	N/A	N/A	N/A	N/A
	Track	Barley	N/A	N/A	N/A	N/A
Truro, NS		Wheat	N/A	N/A	N/A	N/A
		Oat	N/A	N/A	N/A	N/A
	Track / Truck via Sydney	Barley	N/A	N/A	N/A	N/A
Stephenville, NL		Wheat	N/A	N/A	N/A	N/A
		Oat	N/A	N/A	N/A	N/A
		Barley	N/A	N/A	N/A	N/A

Selected Points	Price Basis		This week May 14, 2007	Last Week April 30, 2007	Month Ago April 16, 2007	Year Ago May 15, 2006
Corn						
From: US Lake Port	On Board Vessel		164.50	159.93	159.34	115.21
To: Montreal, QC (1)	In-store		183.54	178.97	178.38	134.25
From: Chicago (IL)	Track		164.50	165.20	162.43	113.46
To: Montreal, QC	Track		193.36	194.06	191.29	142.32
From: Chatham, ON	Track		164.77	165.08	161.53	118.73
To: Montreal, QC	Track		188.64	188.95	185.40	142.60
Soymeal 48% Protein						
From: Hamilton, ON			264.33	248.02	252.98	238.54
To: Montreal, QC	Track		288.66	272.35	277.31	262.87
Moncton, NB	Track		307.41	291.10	296.06	281.62
Truro, NS	Track		310.63	294.32	299.28	284.84
Stephenville, NL	Track / Truck via Sydney		359.26	342.95	347.91	333.47

1. Prices include ONE month of storage and interest charges n/a = not available
2. Thunder Bay prices are based on the Winnipeg Commodities Exchange market close (Cash price)

Source: Market Analysis Division, Agriculture and Agri-Food Canada
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Footnotes: All prices quoted in Canadian dollars per metric tonne.
Grain grades (unless otherwise specified) are: Canada Western Feed Wheat, Feed Oats, No.1 Canada Western Barley, No.2 Canada Yellow Corn, No.3 US Yellow Corn.
Replacement value for grain in-store Montreal can be applied to Sorel, Trois-Rivieres and Quebec.
Replacement values reflect quoted cash prices at shipping points plus the full transfer costs including duty and exchange where applicable.

volume (500 t in 2006), mainly to the US.

SPECIAL CROPS

Since there is no standard world-wide definition of special crops, the crops included in this section are those which are defined as special crops in Canada. Imports of these crops from the US and Canada into Mexico have either been tariff-free since the start of NAFTA in 1994 or since 1998.

Canary Seed

Mexico is a small producer of canary seed and production has been trending downwards since 2004, with only 400 t produced in 2005. However, it is the world's largest importer and imports have had a slight upward trend. For 2006, imports increased significantly from 2005 to 57,000 t. Canary seed is a major component of feed mixtures for small pet birds in Mexico. In recent years, nearly all of the canary seed consumed in Mexico has originated in Canada, although some of it has been transhipped through the US. Mexico exports a small volume of canary seed to the US and Central American countries. Exports to Mexico account for about 30% of total Canadian exports.

Millet

Mexico produces very little millet and imports a relatively small volume, with 4,900 t imported in 2006. Imports have been trending upwards. Nearly all of the imports have been from the US, although a small volume has been imported from Canada. Millet is generally used to feed small pet birds.

Sunflower Seed

Mexico is a minor producer of sunflower seed and production has been trending downwards, with only 500 t produced in 2005. Imports have been variable reaching as much as 142,000 t in years when large volumes were imported for the oil crush. Mexico normally imports sunflower seed oil, but in some years the crush margin is sufficiently high for crushers to import sunflower seed. However, in most years only confectionery sunflower seed has been imported. Imports for 2006 rose to 18,000 t. The imports are mainly from the US, but the Canadian share of the imports has been growing. Argentina was a significant supplier of sunflower seed in years when large volumes were imported for the oil crush.

Safflower Seed

The only special crop which is produced in large quantities in Mexico is safflower seed, although production has been extremely variable, in recent years ranging from 231,000 t in 2004 to only 69,000 t in 2006. It is mainly crushed for oil, but some is also used as feed for larger pet birds. Exports were all to the US and fell to 3,600 t for 2006.

Mustard Seed

Mexico imports a small volume (1,300 t in 2006) of mustard seed. Although Statistics Canada data shows only minor Canadian exports to Mexico, the majority of the imported mustard seed is of Canadian origin, having been transhipped through the US. Mustard seed is used as an ingredient in food production.

Sesame Seed

Mexico is a significant producer of sesame seed, although the seeded area fell sharply in 2006. However, production increased slightly to 18,000, as lower abandonment more than offset the drop in seeded area. Mexico also imports a significant volume of sesame seed, with 21,000 t imported in 2006. The imports were mainly from India and Venezuela. Mexico also exports sesame seed, 10,000 t in 2006, mainly to the US, Japan, the Netherlands and Australia. Sesame is crushed for oil or used as an ingredient in baking and snack food.

OUTLOOK

2007

For the autumn-winter crop cycle, the seeded area for **dry beans** fell by 14%. Early indications are that the yields were slightly higher. Therefore, the production is expected to decrease by 8%. For the spring-summer crop cycle, the seeded area is expected to decrease slightly. However, yields in 2006 were above normal. Therefore, assuming a small decrease in seeded area and normal yields, production would drop by about 10% for the spring-summer crop cycle. The reduction in expected seeded area is due mainly to a shift to corn because of higher prices. Total production for 2007 is forecast at 1.23 Mt. Supply is expected to decrease only slightly to 1.52 Mt because of higher carry-in stocks and higher imports. Imports are forecast to increase due to the decrease in the over quota tariff rate to only 11.8% for 2007. Domestic use is expected to increase slightly to 1.41 Mt, as carry-out stocks decrease to 0.1 Mt

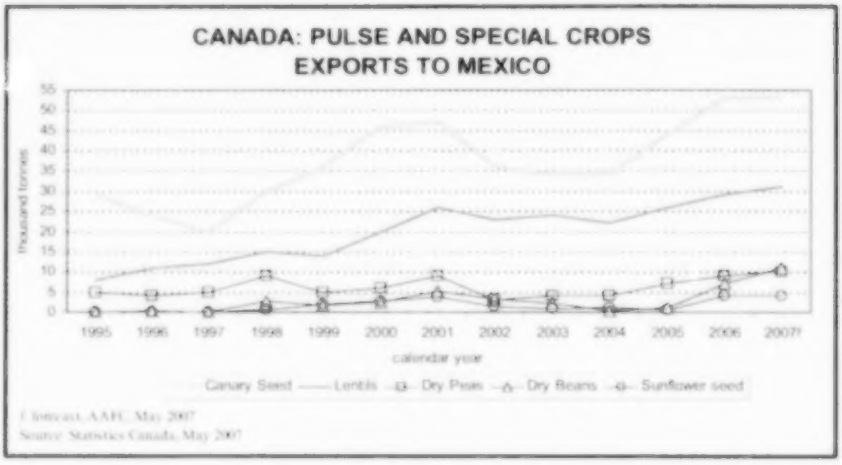
There are no official production forecasts for **chickpeas**; however industry sources indicate that the seeded area decreased significantly. A significant drop in seeded area would result in lower production and lower exports compared to 2006.

For the other crops mentioned in this report, no major changes in production and trade are expected for 2007.

Longer Term - Dry Beans

The main issue in the longer term is the **elimination of tariffs on dry bean imports** from the US and Canada in 2008. The elimination is expected to increase imports because it will be easier to import dry beans. It will also give Canadian exporters equal access with US exporters because the TRQ, which favours the US, will no longer apply. However, the level of the growth in imports will depend on the volumes of dry beans produced and used in Mexico. As previously indicated, the downward trend in seeded area has been largely offset by higher yields.

The Government of Mexico (GOM) extended the **Concurrent Special Program (CSP)** through 2012. This program aims to improve rural livelihoods and agricultural productivity and competitiveness. Included under the CSP is a program through which producers of dry beans, as well as corn, sugar cane, wheat, rice, sorghum, soybeans, safflower seed, cotton and barley, receive financial support. This program was to have expired in 2008, but the GOM decided to renew it for another two and a half years. There is also an emergency plan to offer financial support to



f: forecast, AAFC, May 2007
Source: Statistics Canada, May 2007

producers of corn, dry beans, sugar cane and milk in response to the elimination of import tariffs in 2008.

The GOM is placing special emphasis on improving the competitiveness of crops for which the tariffs are eliminated in 2008, including dry beans. As part of this action, the GOM has identified two goals for the Mexican dry bean industry; increase average yields and increase the annual dry bean consumption. To achieve these goals, the GOM has allocated funding for activities in four major areas: (1) grants for investment in production, technical cooperation with the US and Canada, market surveys and irrigation projects; (2) promote the use of certified seed for planting, conversion of marginal land to pasture and forage crops, technical training, development of value-added products, improve the quality of dry beans, equipment modernization and diesel and electricity subsidies; (3) subsidies for storage facilities; and (4) risk mitigation and other financial tools.

The trend to lower seeded area is expected to continue as producers diversify to other crops, such as corn, pasture and forage crops. As the seeded area decreases, a larger portion of the area would be irrigated, which would lower the abandonment rate and increase yields. The lower seeded area, lower abandonment and higher yields would result in stable to lower production, depending on the level of the decrease in seeded area. The per capita consumption is expected to increase slightly because there is growing recognition of dry beans as a healthy food in relation to the problem with obesity and its related health issues, and because of price increases for alternative foods, such as meat. The higher per capita consumption and population growth is expected to continue the slight upward trend in domestic use.

With the stable to lower production and increased use, imports are expected to trend upward moderately, although there is concern regarding the possible introduction of non-tariff barriers in future years to limit imports.

The Canadian pulse crops industry under the leadership of Pulse Canada has been establishing relationships with the dry bean industry in Mexico. The activities include three annual Canada-Mexico Dry Bean Congresses in which issues of common interest were discussed and collaborative projects identified in such areas as pesticide harmonization, the harmonization of maximum residue limits, plant disease control, production and handling practices, and nutritional and nutraceutical profiling. Collaborative projects were also identified to increase dry bean use in both Canada and Mexico through the development of slow darkening varieties, varieties with reduced cooking time and through the marketing of dry beans as a nutritious food.

Canadian dry beans are well accepted in the Mexican market because of their quality and cleanliness. Canadian exporters have made contacts with Mexican importers through actual sales and through participation in the Dry Bean Congresses and bi-lateral visits. Therefore, Canadian dry bean exports are expected to continue growing over the next decade. However, the rate of growth is uncertain and will depend on production and use levels in Mexico, production levels in Canada and demand levels from other markets.

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